



Commonwealth of Virginia

Auditor of Public Accounts

P.O. Box 1295

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Walter J. Kucharski, Auditor

June 21, 2004

The Honorable Jimmy L. Warren
Clerk of the Circuit Court
County of Smyth

Board of Supervisors
County of Smyth

We have audited the cash receipts and disbursements of the Clerk of the Circuit Court of the County of Smyth for the period April 1, 2003 through March 31, 2004.

Our primary objectives were to test the accuracy of financial transactions recorded on the Court's financial management system; evaluate the Court's internal controls; and test its compliance with significant state laws, regulations, and policies. However, our audit was more limited than would be necessary to provide assurance on the internal controls or on overall compliance with applicable laws, regulations, and policies.

The results of our tests found the Court properly stated, in all material respects, the amounts recorded and reported in the financial management system. However, we noted weaknesses in internal controls and noncompliance with state laws, regulations, and policies that the Clerk needs to address as described below.

Improve Accounts Receivable Management

As noted in the previous audit, the Clerk does not establish criminal receivable accounts on the Court's automated accounting system immediately after final disposition of the case as required by the Financial Management System Users Guide, Chapter 4, page 4-1-1. In seven of 20 unpaid criminal cases tested, the Clerk did not set up the receivable up to 11 days after the final disposition. As a result, the Clerk also did not record these cases in the Court's judgment lien indexing system promptly. To maximize the opportunity for the collection of delinquent fines and costs, the Clerk should record the judgment lien information without delay as required by the Code of Virginia, Section 8.01-446.

Since properly managing accounts receivable greatly enhances the collection of fines and costs, the Clerk should ensure that staff properly establish, monitor, and collect receivables.

Promptly Remit State Collections

As noted in the previous audit, the Clerk does not deposit state collections exceeding \$5,000 with the State Treasurer twice weekly as required by Section 2.2-806 of the Code of Virginia. Specifically we noted that in 32 of the 39 weeks tested, the Clerk deposited collections exceeding \$5,000 only once a week. The Clerk should ensure he and his staff properly deposit all state collections as outlined in the Code of Virginia. Failure to properly adhere to these regulations increases the risk of errors or misappropriation or other loss of funds.

We discussed these comments with the Clerk on May 25, 2004 and we acknowledge the cooperation extended to us by the court during this engagement.

AUDITOR OF PUBLIC ACCOUNTS

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cc: The Honorable C. R. Lowe, Chief Judge
Edwin B.J. Whitmore, III, County Administrator
Bruce Haynes, Executive Secretary
Compensation Board
Paul Delosh, Director of Technical Assistance
Supreme Court of Virginia
Martin Watts, Court Analyst
Supreme Court of Virginia
Director, Admin and Public Records
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